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THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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SUMMARY

Prices are currently moving upward. The index of wholesale prices of all commodities, after remaining stable for several months, rose about 5 points during August. Wholesale prices of farm products and foods shared in the rise.

As reported on August 15, average prices received by farmers did not change from July, chiefly because price rises for feed grains, livestock and livestock products were offset by declines for fruits and cotton. The index of 276 (1910-14 = 100) for all prices received nevertheless indicates price strength, for it is only 4 points below the record in March even though this is the season for heavy supplies of nearly all crops.

There is some indication that farmers' prices have been rising less than other prices. The parity ratio--the index of prices received divided by the index of prices paid including interest and taxes--was 117 in mid-August, having dropped two points from July and 5 from March.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1946		1947			
		Year	June	Apr.	May	June	July
Industrial Production 1/	1935-39						
Total.....	= 100	170	170	187	185	184	178
All manufactures.....	"	177	176	194	191	191	185
Durable goods.....	"	192	193	222	218	218	209
Nondurable goods.....	"	165	162	172	170	168	165
Minerals.....	"	134	139	143	152	148	139
Construction activity 1/	1935-39						
Contracts, total.....	= 100	263	303	232	221	237	
Contracts, residential.....	"	343	434	301	270	282	
Wholesale prices 2/	1926						
All commodities.....	= 100	121	113	148	147	148	151
All commodities except farm: and food.....	"	110	106	132	132	132	134
Farm products.....	"	149	140	177	176	178	181
Food.....	"	131	113	162	160	162	167
Prices received and paid by farmers 3/	1910-14						
Prices received, all prod.....	= 100	233	218	276	272	271	276
Prices paid, int. and taxes..	"	194	188	230	229	231	231
Parity ratio.....	"	120	116	120	119	117	119
Consumers' price 5/ 6/	1935-39						
Total.....	= 100	139	133	156	156	157	
Food.....	"	160	146	188	188	190	
Nonfood.....	"	128	127	138	138	138	
Income	\$Bil. Dol.						
Nonagricultural payments 4/...	1935-39	157.9	155.3	167.8	169.2	169.9	
Income of industrial workers 3/...	= 100	270	269	309	313	318	
Factory payrolls 5/.....	"	284	280	331	332	340	
Weekly earnings of factory workers 5/	Dollars						
All manufacturing.....	"	43.73	43.31	47.48	48.46	48.91	
Durable goods.....	"	46.48	46.32	50.30	51.71	52.39	
Nondurable goods.....	"	41.01	40.28	44.40	44.93	45.08	
Employment							
Total civilian 7/.....	Millions	55.2	56.4	56.7	58.3	60.1	60.1
Nonagricultural 7/.....	"	46.9	46.4	48.8	49.3	49.7	50.0
Agricultural 7/.....	"	8.3	10.0	7.9	9.0	10.4	10.1
Government finance (Federal) 8/	\$Mil. Dol.						
Receipts, net.....	"	3,467	4,479	2,556	2,865	5,473	2,397
Expenditures.....	"	3,817	5,352	4,001	3,851	5,540	3,669

Annual data for the years 1929-46 appear on page 11 of the April 1947 issue of the Demand and Price Situation.

Source: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE. To convert prices received and prices paid, interest and taxes to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted annual rate. 5/ U. S. Dept. of Labor, BLS. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of Census. 8/ U. S. Dept. of Treasury. Data for 1946 are on average monthly basis.

OUTPUT AND EMPLOYMENT

Shortages of materials, actual and threatened work stoppages, vacations, and continued slight reductions in demand for some goods such as textiles and rubber products combined to reduce overall industrial production in July to an index of 178 (1935-39 = 100), 6 points lower than in June and 12 points below the peacetime record of 190 in March (Federal Reserve Board data). Production of nondurable goods was 165 in July, 3 points below June and 12 points below the peak in January.

Production of durable goods was 209 in July, a decline of 9 points from June and 16 points from the peak in March. Shortages of material and threatened work stoppages were most serious in the durable goods line in July. Steel production fell off 25 percent in the first week of the month as the result of threatened work stoppages in the bituminous coal industry, but recovered in the next three weeks. Because of shortages of sheet steel, automobile production declined sharply in early July. It also recovered in the next three weeks, but declined again during the last week of the month.

Industrial production was again somewhat erratic in August. Steel output was close to capacity but automobile production was unsteady. Indications from partial data are that industrial production in August may average a little higher than in July.

Nonagricultural employment continued to rise in July, reaching a peacetime peak of about 50 million persons, 300,000 greater than in June (Department of Commerce data). Most of the new workers were boys and girls of school age. Offsetting this increase, farm employment declined as summer farm activities passed their peak. Total employment, therefore, changed little from June. Since the size of the civilian labor force was about the same as in June, 62.6 million, unemployment remained at 2.6 million.

INCOME AND RELATED FACTORS

The seasonally adjusted rate of personal income rose 1.5 billion dollars from May to June, reaching a record annual rate of 193.0 billion dollars. This is 11 percent more than in June last year. The increase from May to June was the largest monthly change this year. It occurred chiefly because salary and wage payments were higher and agricultural income rose more than usual.

Salary and wage payments in June, seasonally adjusted, were at an annual rate of 119.3 billion dollars. A new peacetime record, this was 1 billion greater than in May and 2 billion greater than the first quarter average. Salary and wage payments had declined rather sharply in April because of work stoppages during wage disputes and because of a small drop in some kinds of manufacturing activity. But they recovered in May and June as wages were raised through negotiation and employment increased in services and trade.

The above data on personal income and salary and wage payments are from a completely revised series published by the Department of Commerce in July (see table, page 2).

The dollar volume of department store sales in July, seasonally adjusted, continued at about the June level of 289 (1935-39 = 100), slightly lower than the peak of 291 reached in May, but 6 percent above a year ago (Federal Reserve Board data). However, the physical volume of sales probably declined from last year, since retail prices of nonfood items rose about 8 percent.

COMMODITY PRICES

The rise in the general price level continues to be of interest and concern. The index of wholesale prices of all commodities published weekly by the Bureau of Labor Statistics edged gradually upward from June until the second week in July, then rose from 148 (1926 = 100) to 153 by mid-August. Recent negotiated wage increases were accompanied by higher prices for coal, iron and steel, petroleum products and automobiles. Wholesale prices of many farm commodities also moved up. Feed-grain prices, including corn, rose over 10 percent from the first of July to the middle of August. Wholesale prices of meat also rose. Eggs, milk, and butter prices went up too, as they usually do at this season.

Since employment and production have remained high, rising wages and prices have resulted in increased total income payments. Moreover, dollar volume of retail sales, as shown by department stores sales, continued in July only slightly below the record of May. This has meant a strong domestic demand for farm products. Supplementing it are substantial purchases of food and other farm products for export.

Prices received by farmers in mid-August held at 276 percent of the 1909-14 average, the same as in mid-July. This strength comes from the high domestic and foreign demand and from prospects for smaller production of some crops than last year. The 1947 corn crop was estimated on August 15 to be more than 25 percent below last year. Largely because of the crop outlook, the price of corn at the farm reached a record of \$2.19 per bushel in mid-August. The price and prospective small production of corn helped strengthen wheat prices which dropped only a few cents in mid-August. They usually decline more sharply at this time of year particularly when the crop is large.

Prices of almost all livestock and livestock products advanced between mid-July and mid-August. The index moved from 286 to 295. Rises were due partly to the poorer prospects for feed supplies, but prices of dairy and poultry products were affected too by the usual seasonal drop in production of milk and eggs.

Prices of fruit and cotton in mid-August were well below those of mid-July. Prices of several other products dropped slightly.

Prices paid by farmers (including interest and taxes) advanced in August to 235 percent of the 1910-14 average, a new record. Higher prices for feed and clothing contributed most to the increase. Prices paid for coal, automobiles, gasoline and oil also gained from mid-July to mid-August.

As a result of higher prices paid by farmers, the parity ratio--the index of prices received divided by the index of prices paid, interest and taxes--declined from 119 in July to 117 in August.

AGRICULTURAL EXPORTS

The value of agricultural exports plus military shipments of food to foreign civilians in the first 6 months of 1947 was 1,978 million dollars. Agricultural exports alone were 1,753 millions, and military civilian food shipments were 225 millions (see table 1).

These values are far above the average for prewar years, and are somewhat higher than in 1946. Due mainly to higher prices, the value of agricultural exports in the first 6 months this year was 5 percent larger than in the same period of 1946, when UNRRA and lend-lease food exports were high, and 12 percent larger than

the average 1946 rate. Military shipments of food to foreign civilians also were above last year's average rate. It is likely that the total quantity of agricultural exports plus military civilian food shipments in the first 6 months of 1947 was slightly less than in the same period of last year.

Agricultural exports plus military shipments of food to foreign civilians dropped to 955 million dollars in the second quarter of this year from 1,023 million in the first. The biggest reductions were in cotton and tobacco. Grain exports increased because more corn was shipped.

Quantities of Farm Products Exported

Exports during the first 6 months of 1947 included 232 million bushels of wheat (counting wheat equivalent of flour), 106 million bushels of corn, 148 million pounds of meat, 1.9 million bales of cotton, and 290 million pounds of tobacco. These data include quantities of military shipments to foreign civilians whenever they are large enough to be important. They are shown in table 2. Also in table 2 is a comparison of quantities of exports in the first 6 months of 1947 with total production or disappearance in this country during the same time.

Table 1.- Value of exports of United States agricultural products and of military shipments of foods to foreign civilians, quarterly, in specified periods

Year and Period	Agricultural exports						Military	
	Grains	Other	Total	Cotton	Tobacco	Total	shipments	Grand
	& grain	food-	food-	includ-	unmanu-	agric.	of foods	total
	pro-	food-	stuffs	ing	factured	exports	to foreign	civilians
	ducts	stuffs	2/	linters		3/	4/	
	1/							
	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.
1935-39 quarter-								
ly average	24	44	68	80	32	187	0	187
1946								
First quarter	225	403	628	101	77	843	73	916
Second "	187	361	548	148	95	830	150	989
Third "	179	320	499	144	65	733	82	815
Fourth "	197	240	437	143	115	733	79	812
Quarterly								
average	197	331	528	134	88	785	98	882
1947								
First quarter	320	278	598	169	93	910	113	1,023
Second "	355	254	609	137	53	843	5/112	5/955

1/ Includes flour from all wheat, domestic and foreign, and includes feed grains but excludes mill feeds in all periods and grain sorghums in the prewar period.

2/ Agricultural crude foodstuffs (Economic class 2), plus agricultural manufactured foodstuffs (Economic class 4). Does not include nonagricultural foods such as fish, baking powder, etc.

3/ Includes small values of miscellaneous nonfoods that are not separately shown.

4/ Basis F.A.S. at our ports, which is estimated at 85 percent of the landed cost as reported. An estimate of British participation in the cost of food imports into the bizonal area of Germany has been deducted beginning January 1, 1947.

Data are subject to revision.

5/ Partly estimated.

Table 2.- Quantity of farm products exported compared with total domestic production or disappearance, first half of 1947

Commodity	Unit	Exports 1/	Total production or disap- pearance 2/	Exports as a percent of total production or disappearance (percent)
FOODS				
Wheat and flour from U. S. wheat	Mil.bu.	232.4	560	41.5
Corn and corn meal	" "	106.2	1,510	7.0
Rice	" "	16.4	38	42.9
Meats, carcass weight:				
Beef and veal	Mil.lb.	93.6	3/5,900	1.6
Lamb and mutton	" "	2.6	3/ 400	0.6
Pork	" "	51.8	3/5,200	1.0
Lard (as such)	" "	190.0	1,240	15.3
Dairy products, all forms	" "	4/2,000	5/66,700	3.0
Creamery butter	" "	3.8	718	0.5
Cheese, all types	" "	90.6	665	13.6
Evaporated milk	" "	183.5	1,831	10.0
Condensed whole milk, case & bulk	" "	41.2	154	26.8
Dried whole milk	" "	44.6	79	56.4
Nonfat dry milk solids	" "	71.2	425	16.8
Eggs, all forms	Mil.doz.	110	3,050	3.6
Fresh fruits:				
All citrus	Mil.lb.	653.0	5,300	12.3
Three deciduous (apples, pears, plums)	" "	184.0	1,460	12.6
Dried fruits	" "	168.0	569	29.5
All canned fruits	" "	155.0	1,250	12.4
Canned fruit juices, except pineapple	" "	79.0	1,050	7.5
Canned vegetables	" "	55.6	3,600	1.5
Potatoes	Mil.bu.	16.1	170	9.5
Dry beans	:1000 100- :lb. bags	1,304.0	7,300	17.9
Dry peas	:1000 100- :lb. bags	2,587.0	3,300	78.4
Fresh vegetables	Mil.lb.	296.0	16,000	1.9
NONFOODS				
Cotton, raw, ex. linters	:run. bales	1,884.0	6,985	27.0
Tobacco leaf (farm sales weight)	Mil.lb.	290.0	950	30.5

1/ Excludes shipments to territories. For wheat, corn, lard, canned vegetables, potatoes, dry beans and peas, includes military shipments to foreign civilians.

2/ Production of livestock products and disappearance of crops for all purposes. Preliminary estimates.

3/ Includes estimated farm and wholesale and retail slaughter.

4/ Fluid milk equivalent of all dairy product exports.

5/ Milk production, including estimated nonfarm.

Exports in the first 6 months were more than 40 percent of wheat and rice disappearance, more than half of dried whole milk, and three-fourths of dry peas. But they were only 1 percent of meats, $\frac{1}{2}$ percent of butter, and $1\frac{1}{2}$ percent of canned vegetables. Exports of all dairy products were equivalent to 3 percent of milk production and those of all eggs were $3\frac{1}{2}$ percent of egg production.

The United States has normally exported substantial quantities of cotton, tobacco, wheat, rice, lard, dried fruits, and several other products. Exports of cotton in the first six months this year were smaller than in the same period of most years just before the war. Wheat exports this year have been larger than prewar, but because wheat crops have been bigger recently, adequate supplies have remained for domestic use. Some fruits, tobacco, potatoes, dry beans, and dry peas have been exported at a faster rate than in prewar years. Corn exports also have been much larger than the small quantities before the war, and have taken a sizable portion of total commercial sales.

Because of needs for lend-lease, military, and other purposes, production of some farm commodities was encouraged during the war through high acreage goals and through a support-price program. With foreign needs still strong, and with support prices to remain in effect through 1948, production and exports of most of these commodities have continued large.

Export demand has generally helped to hold up prices received by farmers. However, it has a somewhat different effect for various commodities. This is true not only because the proportion exported varies greatly, but also because prices of some commodities are much more responsive to changes in exports than are others. Also, some prices could have fallen no lower than support levels even without exports.

Exports have had little effect on prices of eggs and potatoes, because they have not kept prices continuously above the level at which support is required. Potato and egg exports are normally small, and most of those in the first half of 1947 were made by the Department of Agriculture in connection with price support operations. Although adding little to farmers' prices, potato and egg exports have enabled the Department of Agriculture to recover some of its price-support expenditures for those commodities.

Prices of most other commodities for which supports are established have remained above support levels. Export demand has materially strengthened prices of wheat, rice, cotton, most types of tobacco, dry beans, and dry peas. Without large exports, prices of some commodities--wheat and dry peas, for example--would have been so low as to have required support in 1947.

Supplies of a few commodities have been sufficiently large to reduce prices this year even though exports have been substantial. This is true of nonfat dry milk solids (which are partly a byproduct in dairy manufacture), of dried fruits and of citrus fruits.

FARM INCOME

During the first 8 months of 1947, farmers received about 17.4 billion dollars from the marketing of their products and from Government payments, 21 percent more than last year. The increase from marketings alone was 26 percent and was due almost entirely to higher prices.

Receipts from marketings of livestock and livestock products in the 8 months were 10.8 billion dollars, 30 percent more than last year. Receipts from meat animals gained almost 50 percent because prices rose nearly that much. Receipts from dairy products increased less. When dairy payments are included for 1946, receipts from dairy products this year are no larger than last. Receipts from poultry products were 10 percent higher in 8 months this year than in the same period of 1946.

Receipts from crops during the first 8 months were about 6.3 billion dollars, nearly one-fifth greater than in the same period of 1946. Heavy marketings and unusually high prices for wheat from the record crops of the last two years raised cash receipts from food grains about two-thirds above last year. Similarly, large quantities of corn marketed this year from last year's record crop at prices nearly 20 percent above 1946, caused receipts from feed crops to be one-quarter greater than a year ago. Although less cotton than usual was sold this year because the 1946 crop was small, cash receipts for the 8 months were 20 percent above 1946 because prices were 27 percent higher.

In August, total cash receipts including government payments were about 2.6 billion dollars, slightly less than in July but 10 percent greater than in August 1946. If government payments are not considered, the change was 12 percent. Receipts from livestock and products were about 1.4 billion dollars, down a little from July but 15 percent above August 1946. Receipts from dairy and poultry products were lower than in July, as seasonal declines in the volume of milk and eggs sold more than offset increases in prices. Crop receipts for August were around 1.2 billion dollars, about the same as in July and 8 percent above August last year. Wheat marketings dropped seasonally and total receipts from food grains declined from July. On the other hand, increased marketings of oats and barley caused higher receipts from feed grains. Receipts from cotton, oil-bearing crops, and tobacco also rose from earlier months as the 1947 crops began to be marketed.

LIVESTOCK AND MEATS

Demand for meat continued very strong in August. Even though total meat output was large, meat and meat-animal prices remained close to their record. Meat-animal prices in early August averaged around 25 percent higher than a year earlier.

Meat supplies per capita are expected to be large during the fall when marketings of meat animals increase seasonally. They will probably be about the same as last fall when they were nearly a record. Prices this fall are expected to show a moderate seasonal decline but probably will continue high as long as consumer incomes stay at present levels.

The supply of fed cattle for market in the late summer and fall this year will be much larger than the small supply of a year earlier, but less than for other recent years. The number on feed in the Corn Belt on August 1 was 40 percent above last year but 25 percent below August 1, 1945. It was lower than for any other August 1 since 1939.

Slaughter of sows was exceptionally heavy during early August, reflecting prospects for much smaller corn production and a hog-corn price ratio below the long-time average. Present rates of slaughter of sows may indicate that farmers are planning to cut down hog production.

The United States lamb crop this year was 22.4 million head, 9 percent smaller than in 1946 and the smallest in 22 years. The lamb crop in the 13 Western sheep States was 11 percent smaller than last year, and the smallest since 1925. The lamb crop in the native (Eastern) sheep States was 7 percent smaller than in 1946, and the smallest since 1926.

DAIRY PRODUCTS

Prices to dairy producers will rise from August to November but the increase will be smaller than the 20 percent last year following lifting of controls. It is likely to be more in line with the prewar average of about 10 percent. Compared with prices of feed and competing livestock products, farm prices of whole milk and butterfat will not be as favorable as last year.

Because of larger supplies of butter, cheese, and evaporated milk, total supplies of dairy products will be larger in the second half of 1947 than last year. Milk production may not be much different but stocks of most products are larger and exports are smaller. Consumption of fluid milk and cream has been averaging about 5 percent below 1946 and is likely to continue less than last year.

Prices of butter rose rapidly during the past 3 months. Cheese prices also rose, but not as fast. The price ratio between butter and cheese is more favorable to butter production now than it was earlier.

POULTRY AND EGGS

From January through August, egg producers received a record average price of 42 cents a dozen, 7 cents higher than for the same period of 1946. High prices were due largely to: (1) a strong domestic demand partly due to record high meat prices, and (2) the level of supports. The Steagall Amendment requires the Department to support prices at a minimum of 90 percent of parity through December 31, 1948. Thus far in 1947 the Department has purchased the equivalent of about 5 million cases of shell eggs for price support. Prices received by egg producers averaged 94 percent of parity in the first 8 months of 1947.

If consumer incomes continue high and meat prices remain a near-record, egg prices will stay substantially above 1946. Supplies of eggs for the remainder of this year are likely to be somewhat below last year, primarily because cold-storage stocks of shell eggs are the smallest on record.

Turkey supplies for the coming holiday season will be substantially less than last year. Prices are expected to rise a little but will probably remain below the record reached in the fall of 1946 after removal of price controls on all meats.

The number of potential layers on farms August 1, 1947 was 3 percent larger than August 1, 1946. Such an increase usually results in an increase in layers on farms the following January 1. This year, however, shorter supplies and higher prices of feed may reduce or prevent any increase that otherwise would occur.

FATS, OILS, AND OILSEEDS

Butter prices advanced materially during July and early August, largely because stocks were small for the time of year and production was declining seasonally. The wholesale price of 92-score butter at Chicago on August 15 was 75 cents per pound compared with the June average of 62 cents.

Wholesale prices of most fats and oils other than butter declined from June to mid-August. The index number of wholesale prices of 26 major fats and oils, excluding butter, was about 210 on August 15 (1935-39 = 100) compared with 240 in June this year and with 155 in June 1946, the last month ceilings were in effect for most fats and oils. Production of lard, tallow, and greases remained large through July, and supplies of imported coconut and tung oils were plentiful in relation to demand. Crushing of the 1947 cottonseed crop was getting under way in early August in Southern Georgia, Alabama, and Texas.

If the cotton crop is 11.8 million bales as estimated August 1 and the ratio between seed and lint is average, production of cottonseed this year will be about 4,800,000 tons. This is 37 percent more than last year. The soybean crop this year was estimated on August 1 to be about 188 million bushels, 5 percent smaller than last year. Flaxseed production was estimated at 39.5 million bushels, up 72 percent from 1946. The peanut crop may amount to 2,136 million pounds, 5 percent more than last year.

On the basis of these estimates, production of linseed oil from domestic flaxseed is expected to be substantially larger in 1947-48 than in 1946-47. Total output of edible vegetable oils may be 5 to 10 percent larger, but output of lard, tallow, and greases may be somewhat smaller than in 1946-47 because of the reduced 1947 corn crop. Butter production probably will be larger in 1947-48 than in 1946-47.

CORN AND OTHER FEEDS

Feed prices are expected to average higher this fall and winter than a year earlier, but may decline from present high levels depending largely on the outcome of the corn crop. Changes in prospects for the 1947 corn crop will continue to have an important influence on feed prices until about October.

Demand for feed continued strong into August and most feed prices rose as hot, dry weather over much of the midwest damaged the corn crop. Corn prices advanced to the highest on record. Prices of oats and barley, which usually decline at this season as new crop grain becomes available, declined around 10 percent in late July, but advanced sharply in early August. Prices of most byproduct feeds rose moderately from early July to mid-August with the greatest increases in grain byproduct feeds. With feed prices advancing more than prices of livestock and livestock products, livestock-feed price ratios dropped below long-time averages in July and August.

On the basis of conditions in mid-August, the corn supply (production plus carry-over) for 1947-48 will total about 2.8 billion bushels. This would be about 675 million bushels less than in 1946-47. In August, it was estimated that the total feed-concentrate supply (including feed grains, byproduct feeds, and wheat and rye to be fed) for the 1947-48 feeding season beginning in October will be 12 percent smaller than the large 1946-47 supply, and a little below the average for 1937-41. The supply per animal unit would be about 12 percent smaller than in 1946-47, and a little below the average of the past 10 years. Hay supplies per hay-consuming animal unit for 1947-48 are expected to be the largest on record.

WHEAT

The price of wheat generally declined following harvests in the respective areas. At Kansas City, an important market for winter wheat, prices recovered 20 cents during August, but at Minneapolis they dropped 5 cents as adjustments were made to the new supplies of spring wheat. The price of No. 2 Hard Winter at Kansas City on August 29 was \$2.44, 42 cents above the loan rate. The price of No. 1 Dark Northern Spring at Minneapolis was \$2.53, 48 cents above the loan rate.

Wheat prices would be nearer the loan level if corn prices were lower. Recently the price of No. 2 Hard Winter wheat at Chicago has been less than the price of No. 2 Yellow Corn at the same market.

Wheat production this year was estimated on August 1 to be 1,428 million bushels, a record. Even though July 1 old-crop stocks were only 83 million bushels, total supplies are larger than those of any year except the 1,600 million bushels in 1942 and 1943.

Because the corn crop will be smaller, more wheat will be fed than last year --possibly 325 million bushels. For this reason, domestic disappearance of wheat in the 1947-48 marketing year may reach about 925 million bushels. Since total supply is 1,510 million bushels, about 580 million bushels would be available for export in 1947-48 and for carry-over July 1, 1948. Because demand for grain exports continues large and smaller quantities of corn will be available, exports of wheat (including flour) may exceed somewhat the 400 million bushels in 1946-47. On this basis, the carry-over July 1, 1948 probably would fall below 175 million bushels. The carry-over last July was 83 million and in 1932-41 averaged 235 million. The quantity of wheat exports in 1947-48 will depend upon the size of the corn and other feed grain crops, and on prospects for next year's wheat crop.

Foreign demand for wheat again will exceed supplies available for export in surplus producing countries. Although prospects for large exports are favorable in the United States, the crop in Canada is indicated at only 359 million bushels. Canada's crop last year was 421 million bushels, and in 1936-45 it averaged 371 million. Growing conditions for the December harvest in Australia and Argentina are favorable. The acreage in Australia may be up about 25 percent but little change is expected in acreage in Argentina. Even though conditions in the Ukraine deteriorated because of a drought in May, grain production has been fairly good and some exports from the Soviet Union are possible.

FRUIT

Prices growers will receive for most deciduous fruits are expected to decline during September and October as marketings from the new crops increase in volume. Prices probably will average a little less than in 1946, but more than twice as much as in 1935-39.

Prices for peaches at terminal wholesale markets and at local shipping points in important Southern peach States declined sharply in early August as shipments reached peak volume. Nationally, peach prices probably will decline further as marketings become general in other producing areas. Although prices to growers for apples and pears are expected to decline further into early fall as marketings increase, demand is likely to be strong enough to keep prices from going lower than they were at the same season last year.

Grapes are expected to bring sharply lower prices this season than last because the crop is a record and demand may be smaller for some uses. The outlook is that fewer grapes will go into wine than last season because stocks of wine are now large. As a result, more grapes will go into fresh market outlets and into raisin production. The 1947 pack of dried fruits is expected to be considerably larger than the 1946 pack because of the increase in raisins. This, together with a less favorable export market, probably will result in sharply lower prices for dried fruits this season, especially for raisins and dried prunes.

Prices for California Valencia oranges on the New York City and Chicago auction markets advanced in late July and early August. They are expected to continue at these higher levels, which are nevertheless somewhat lower than prices last summer. Contributing to the recent rise in prices are the end of the 1946-47 season for Florida oranges and the belief that the 1947-48 orange season may open a little later than usual. The market for oranges has also been strengthened by a recent demand for concentrated orange juice for use in the school lunch program and for purchase by a British food mission. Stimulated by summer demand, prices for lemons on the New York and Chicago auctions advanced sharply in early August but are likely to decline later because supplies continue large.

TRUCK CROPS

For fresh market

Prices to be received by commercial growers of cabbage, celery, and tomatoes for the fresh market are expected to be higher this September and October than a year earlier, primarily because of much smaller production. Prices for other fall season truck crops are expected to be at least as high as a year earlier if production is no larger. Estimates of production of these other crops are not yet available.

Although total production of commercial truck crops for summer season marketing this year was moderately lower than a year earlier, prices to growers in July and early August generally dropped below those of last year as increased marketings from near-by areas coincided with continued heavy truck and rail shipments from more distant areas. Prices are expected to recover when the peak in supplies is past. This may come quickly because recent hot weather has matured some crops quickly.

For processing

Production of truck crops for commercial processing this year is expected to be the third largest in recent years and only moderately smaller than that in 1946. Prices received by growers for processing crops this year are expected to average moderately lower than the extremely high prices of last year.

Cabbage for kraut is one of the few crops of which production may fall off greatly. Estimated production on acreage contracted for kraut is less than one-third as large as last year. Because, however, as much as half or more of this year's kraut may be manufactured from cabbage bought on the open market from uncontracted acreage, total production will not drop as sharply as indicated by contracted acreage.

POTATOES AND SWEETPOTATOES

Because of much smaller production this year, prices growers have received for potatoes since May have been moderately higher than in the same months last year, and generally slightly above support levels. Prices probably will continue above last year. Support prices announced for late crop potatoes this year are higher than last year, reflecting an increase required by the rise in parity price. The support price schedule also provides for adjustments for certain States to bring prices into better alinement among competing areas, and for a greater seasonal rise in prices through January. This last change was made to encourage a slower rate of marketing immediately after digging time and to help spread supplies over the entire marketing season.

Because of improvement during July, the total potato crop is now expected to be nearly 362 million bushels, only about 13 million bushels short of the 1947 crop production goal, and 4 percent below the 1936-45 average production.

Prospects for the sweetpotato crop deteriorated during July. The crop is now expected to be little more than 60 million bushels, 10 percent less than last year's crop and 6 percent below the 10-year average. Carlot rail shipments of sweetpotatoes in early August were far below those of corresponding weeks in 1946.

Prices received by growers for sweetpotatoes are expected to average slightly higher for this year's crop than for last year's and to average well above the support level of not less than 90 percent of parity as of July 1, 1947. Specific support prices were announced August 8 for U. S. Extra No. 1 and U. S. No. 1 grades for the period September 1, 1947 to April 30, 1948.

COTTON

The downward trend in cotton prices that began in mid-July was continued during the first part of August. Prices for Middling 15/16-inch cotton at the 10 markets averaged 34.36 cents on August 13, approximately 5 cents below the peak reached on July 16. Prices in the 10 markets averaged 34.90 cents per pound for the period August 1-20 compared with an average of 37.52 cents per pound for July. Trading continued at a comparatively low volume although mill buying, particularly of the better grades, increased some.

The August 1 forecast of cotton production was 11.8 million bales, somewhat larger than had been expected. This forecast is 3.2 million bales more than the exceptionally small 1946 crop of 8.6 million, but slightly over a half million bales below the 1936-45 average. It is about a half million bales less than the output that would have been obtained if acreage had equaled the 1947 goal and yields were average. The yield of lint per acre this year was estimated on August 1 to be 270.8 pounds, 35.5 pounds more than last year's yield and 20.2 pounds above the 10-year average.

The parity price of cotton on August 15 was 29.14 cents per pound, 50 points above the previous record a month earlier.

Textile markets generally were less active during the first half of August than in July and cloth prices were generally unchanged.

Domestic mills used 30,795 bales per working day in July, 11 percent below the June daily rate, and 7 percent below the July 1946 daily rate. However, the 677,489 bales consumed in July brought the total for the 1946-47 crop season to 10 million bales. This compares with 9.2 million bales consumed during the 1945-46 crop season and is the highest domestic consumption for any peacetime year. Disappearance during the 1946-47 season, including mill consumption, exports, and destroyed, totaled 13.6 million bales. The carry-over August 1, 1947 as reported by the Census, was 2.5 million bales, only one-third as large as the carry-over last August 1 and the smallest since 1929.

WOOL

Demand for long staple, fine and half-blood domestic wools was strong during July and early August. Because the supply of these wools has been considerably reduced, the position of other wools, particularly short staple fine wools and wools of medium grades, has been improved.

Mills have received large orders for wool textiles in recent months. The output of practically all worsted mills has been reported sold for the balance of 1947 and some improvement in the demand for woolens has also been noted lately.

The Government wool purchase program was renewed by the CCC on August 15, 1947 on substantially the same basis as the 1946 program. The new purchase price schedule is designed to reflect the same average price to growers that they received in 1946 but, in line with present market values, it provided somewhat larger spread between grades and higher dealer margins. Growers are likely to make use of this program since they still have a substantial part of their 1947 clip. Most of their holdings are either medium types of short staple and faulty fine types for which there has been little demand.

The CCC raised the selling prices of its fine wools 1 to 2 cents a pound (clean basis) on August 5. Prices of other grades remained generally unchanged.

TOBACCO

Flue-cured tobacco prices for sales through August have averaged less than last year. The average price for 170 million pounds sold at auction in Georgia-Florida markets through August 29 was 37.7 cents per pound compared with 42.8 cents for the last season. Sales began August 7 in the South Carolina and Border North Carolina markets. Prices through August 29 averaged 45.5 cents per pound compared with 56.3 cents for the corresponding sales in 1946. Indications on August 1 were that the total flue-cured crop would be 1,296 million pounds, 56 million pounds below last year. But since stocks on July 1 were larger, the total supply for 1947-48 will exceed slightly that of 1946-47.

High domestic consumption of cigarettes is sustaining the demand for flue-cured tobacco. Exports dropped in May and June. The decline was partly seasonal but also resulted from smaller shipments to the United Kingdom. Exports of flue-cured tobacco to China were unusually large in June--10 million pounds (declared weight) compared with 3.7 million pounds monthly average in 1946. Efforts of foreign purchasers to save dollars reduce the demand for export leaf. For instance, there were no United States shipments of tobacco to France in the five months ending June 30.

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Maryland tobacco auctions closed September 1. Through August 29, 40 million pounds of the 1946 crop had been sold at auction for an average of 44.7 cents per pound, 22 percent lower than last season's average. Maryland production this year is estimated to be down 15 percent.

Burley production was estimated on August 1 to be about 17 percent below last year. Support prices will be higher than last year because the parity price has risen.

Cigarette production and consumption in June and July topped the same months a year ago after dropping below last year during May. Production in the fiscal year ending June 30 exceeded 360 billion and was a record. It was 8 percent above the previous fiscal year. Cigarette production is expected to continue high during the second half of 1947. Tax-paid withdrawals of large cigars in July was slightly below July 1946. This is the sixth consecutive month that cigars have fallen below the corresponding month of 1946, but in July practically all of the drop was in Puerto Rican cigars. Total production in the fiscal year was approximately 5-3/4 billion, about 3/10 of a billion higher than in 1945-46. Recent trends do not indicate that the 6 billion annual rate of the last half of 1946 will be equaled during the last half of 1947. Chewing and smoking tobacco production in July was moderately lower than in July 1946 but snuff was the highest for any month since the end of the war and substantially above last July.

